

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
COUNTY SERVICE AREA No. 60 APPLE VALLEY AIRPORT  
FINANCIAL STATEMENTS  
JUNE 30, 2019**

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
COUNTY SERVICE AREA No. 60 APPLE VALLEY AIRPORT  
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JUNE 30, 2019**

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Board of Supervisors  
County of San Bernardino  
County of San Bernardino Special  
District County Service Area  
No. 60 Apple Valley Airport

### **Independent Auditor's Report**

We have audited the accompanying financial statements of the County of San Bernardino Special District County Service Area No. 60 Apple Valley Airport (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise CSA's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the County of San Bernardino Special District County Service Area No. 60 Apple Valley Airport as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

## **Other Matters**

### *Prior-Year Comparative Information*

Prior year data has been included with the basic financial statements for comparative purposes only.

### *Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of the CSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CSA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CSA's internal control over financial reporting and compliance.

*Eddie and Payne, LLP*

November 22, 2019  
Riverside, California

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
 COUNTY SERVICE AREA NO. 60 - APPLE VALLEY AIRPORT  
 Statement of Net Position  
 Proprietary Funds  
 June 30, 2019

	2019	For Comparative Purposes Only 2018
	<u>Enterprise Funds</u>	<u>Enterprise Funds</u>
<b>Assets</b>		
<b>Current:</b>		
Cash and investments	\$ 16,072,523	\$ 13,622,459
Interest Receivable	87,657	53,551
Taxes Receivable	49,930	54,939
Total Current Assets	<u>16,210,110</u>	<u>13,730,949</u>
<b>Non-current assets:</b>		
Loan receivable	108,982	115,497
<b>Capital assets:</b>		
Land	3,291,381	3,291,381
Development in progress	295,338	434,441
Improvements to land	9,079,170	9,079,170
Structures	8,773,539	8,598,310
Vehicles	615,881	615,881
Equipment	158,739	158,739
Less: accumulated depreciation	<u>(10,849,273)</u>	<u>(10,403,290)</u>
Total capital assets, net	<u>11,364,775</u>	<u>11,774,632</u>
Total noncurrent assets	<u>11,473,757</u>	<u>11,890,129</u>
Total assets	<u>27,683,867</u>	<u>25,621,078</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	14,579	48,375
Due to other governments	34,137	118,032
Deferred revenue	62,757	62,714
Total liabilities	<u>111,473</u>	<u>229,121</u>
<b>Net position</b>		
Net investment in capital assets	11,364,775	11,774,632
Unrestricted	16,207,619	13,617,325
Total net position	<u>\$ 27,572,394</u>	<u>\$ 25,391,957</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
 COUNTY SERVICE AREA NO. 60 - APPLE VALLEY AIRPORT  
 Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 For the Years Ended June 30, 2019

	2019	For Comparative Purposes Only 2018
	<u>Enterprise Funds</u>	<u>Enterprise Funds</u>
<b>Operating Revenue</b>		
Charges for services	\$ 541,952	\$ 577,004
Total operating revenue	<u>541,952</u>	<u>577,004</u>
<b>Operating Expenses</b>		
Salaries and benefits	541,872	739,961
Services and supplies	732,966	964,753
Depreciation	<u>445,983</u>	<u>581,213</u>
Total program expenses	<u>1,720,821</u>	<u>2,285,927</u>
Operating income (loss)	(1,178,869)	(1,708,923)
<b>Nonoperating Revenues (Expenses)</b>		
Property taxes	1,998,550	1,921,552
Other taxes	812,716	584,430
Investment earnings	448,330	95,021
Other revenues	<u>99,710</u>	<u>73,512</u>
Total Nonoperating Revenues (Expenses)	<u>3,359,306</u>	<u>2,674,515</u>
<b>Transfers</b>		
Transfers in	1,451,133	1,390,209
Transfers out	<u>(1,451,133)</u>	<u>(1,390,209)</u>
Total transfers	-	-
Change in net position	2,180,437	965,592
<b>Net position at beginning of year</b>	<u>25,391,957</u>	<u>24,426,365</u>
<b>Net position at end of year</b>	<u>\$ 27,572,394</u>	<u>\$ 25,391,957</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
COUNTY SERVICE AREA NO. 60 - APPLE VALLEY AIRPORT

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2019

	2019	For Comparative Purposes Only 2018
	Enterprise Funds	Enterprise Funds
	<u>                    </u>	<u>                    </u>
<b>Cash Flows from operating activities</b>		
Receipts from customers	\$ 541,995	\$ 620,228
Payments to suppliers	(850,657)	(848,638)
Payments to employees	(541,872)	(739,961)
Net Cash Provided by operating activities	<u>(850,534)</u>	<u>(968,371)</u>
 <b>Cash Flows from noncapital financing activities</b>		
Property taxes	2,003,559	1,914,245
Other taxes	812,716	584,430
Other revenues	99,710	73,513
Net cash provided by noncapital financing activities	<u>2,915,985</u>	<u>2,572,188</u>
 <b>Cash Flows from Capital and related Financing Activities</b>		
Purchase of capital assets	(36,126)	(161,228)
Net Cash Used for Capital and related Financing Activities	<u>(36,126)</u>	<u>(161,228)</u>
 <b>Cash Flows from investing activities</b>		
Payments received from loan	6,515	6,515
Investment earnings	414,224	77,076
Net Cash provided by investment activities	<u>420,739</u>	<u>83,591</u>
 Net Increase (decrease) in Cash and Cash Equivalents	2,450,064	1,526,180
 <b>Cash and investments - beginning of the year</b>	<u>13,622,459</u>	<u>12,096,280</u>
 <b>Cash and investments - end of the year</b>	<u>\$ 16,072,523</u>	<u>\$ 13,622,460</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
 COUNTY SERVICE AREA NO. 60 - APPLE VALLEY AIRPORT  
 Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Years Ended June 30, 2019

	<u>2019</u>	<u>For Comparative Purposes Only 2018</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating income (loss)	\$ (1,178,869)	\$ (1,708,923)
Adjustments to reconcile operating loss net cash used for operating activities:		
Depreciation expense	445,983	581,212
Change in assets and liabilities:		
Increase (decrease) in accounts payable	(33,796)	48,375
Increase (decrease) in due to other funds	(83,895)	67,740
Increase (decrease) in deferred revenue	<u>43</u>	<u>43,225</u>
Net Cash Used for Operating Activities	<u>\$ (850,534)</u>	<u>\$ (968,371)</u>

The accompanying notes are an integral part of the financial statements.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
COUNTY SERVICE AREA No. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of County Service Area No. 60 – Apple Valley Airport conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

The County Service Area No. 60 – Apple Valley Airport (CSA) was established on December 19, 1966 by an act of the Board of Supervisor of the County of San Bernardino (the County) to provide and maintain public airports and landing places for aerial traffic and related activities. Currently, the CSA funds the operations and maintenance of Apple Valley Airport, which is administered and staffed by the County of San Bernardino Department of Airports.

The CSA is a component unit of the County of San Bernardino and is governed by the actions of the County Board of Supervisors. The Board of Supervisors has established and appoints a seven (7) member Airport Commission which advises the Department of Airports on matters related to the operation of County owned airports and the Apple Valley Airport.

The accompanying financial statements reflect only the accounts of the County Service Area No. 60 of the County of San Bernardino, and are not intended to present the financial position of the County taken as a whole.

Because the CSA meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the CSA’s financial statements have also been included in the Comprehensive Annual Financial Report of the County as a “component unit” for the fiscal year ended June 30, 2019.

**Measurement focus, basis of accounting, and financial statement presentation**

The CSA’s financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The County has established a materiality level for recording year-end accruals. For Special Districts with appropriations of less than \$500,000, individual items of less than \$1,000 are not accrued at year end. For Special Districts with appropriations over \$500,000, individual items of less than \$5,000 are not accrued at year end.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Financial reporting is based upon all GASB pronouncements including the Codification of Accounting and Financial Reporting Guidelines.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
COUNTY SERVICE AREA No. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Cash and Investments**

Cash and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

**Interfund receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Currently, the CSA has no governmental activities. All accounts receivable are shown net of an allowance for uncollectibles when applicable.

**Property Taxes**

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1 and become delinquent with penalties on August 31.

**Accounts Receivable**

No allowance for uncollectibles has been recorded as of June 30, 2019 based on management's expectation that all accounts receivable will be collected through the regular tax roll.

**Inventories and prepaid items**

Inventories, if any, are valued at cost using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Deferred revenue**

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are recorded on the basic financial statements as deferred revenue.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
COUNTY SERVICE AREA No. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Capital assets**

Capital assets, which include property, plant, and equipment are reported in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of two years. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation in accordance with GASB Statement No. 72.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvement are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated using straight-line method over the following estimated useful lives:

Assets	Years
Structure and improvements	5-40
Equipment and vehicles	4-15

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Stewardship, compliance and accountability**

Although the CSA prepares and adopts an annual budget, budgetary information is not presented because the CSA is not legally required to adopt a budget.

**Deferred Outflows/ Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
COUNTY SERVICE AREA No. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the Statement of Net Position, net position is classified in the following categories: *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. Restricted net position is restricted by external creditors, grantors, contributors, laws or regulations of other governments. Unrestricted net position is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

NOTE 2: CASH AND INVESTMENTS

Cash and investments includes balances of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the CSA’s account based upon the CSA’s average daily deposit balance during the allocation period. Cash and investments are shown at the fair value as of June 30, 2019. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* reports interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The County’s practice is to hold investments until maturity.

See the County of San Bernardino’s Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40, and fair value hierarchy disclosures required by GASB Statement No. 72. The County of San Bernardino’s CAFR may be obtained from their website <http://sbcounty.gov/ATC>.

NOTE 3: LOAN RECEIVABLE

The CSA entered into four separate agreements with Apple Valley Ranchos Water Company (Utility) to construct distribution facilities for the purpose of furnishing public utility water service to Apple Valley Airport. The CSA advanced the amount of \$260,585 to cover cost of these facilities. The CSA is reimbursed by the Utility 2 ½ percent of the cost per year for 40 years. The amount outstanding at June 30, 2019, is \$108,982. Of this amount, \$6,515 is current and \$102,467 is noncurrent.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT  
COUNTY SERVICE AREA No. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

**Business-type activities:**

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,291,381	\$ -	\$ -	\$ 3,291,381
Construction in progress	434,441	62,767	(201,870)	295,338
Total capital assets, not being depreciated	<u>3,725,822</u>	<u>62,767</u>	<u>(201,870)</u>	<u>3,586,719</u>
Capital assets, being depreciated:				
Improvements to land	9,079,169	-	-	9,079,169
Structures and improvements	8,598,311	175,230	-	8,773,541
Vehicles	615,881	-	-	615,881
Equipment	158,739	-	-	158,739
Total capital assets, being depreciated	<u>18,452,100</u>	<u>175,230</u>	<u>-</u>	<u>18,627,330</u>
Less accumulated depreciation for:				
Improvements to land	(6,135,949)	(240,447)	-	(6,376,396)
Structures and improvements	(3,542,119)	(196,583)	-	(3,738,702)
Vehicles	(594,865)	(4,348)	-	(599,213)
Equipment	(130,357)	(4,605)	-	(134,962)
Total accumulated depreciation	<u>(10,403,290)</u>	<u>(445,983)</u>	<u>-</u>	<u>(10,849,273)</u>
Total capital assets, being depreciated, net	<u>8,048,810</u>	<u>(270,753)</u>	<u>-</u>	<u>7,778,057</u>
Total capital assets, net	<u>\$ 11,774,632</u>	<u>\$(207,986)</u>	<u>\$(201,870)</u>	<u>\$ 11,364,776</u>

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT**  
**COUNTY SERVICE AREA No. 60 APPLE VALLEY AIRPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 5: RISK MANAGEMENT**

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, environmental liability, and workers' compensation claims. Public liability claims are self-insured for up to \$3.0 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker through CSAC-EIA (California State Association of Counties – Excess Insurance Authority), as follows: Primary Liability coverage \$25 million excess of \$3 million self-insured retention with QBE Insurance, Munich Reinsurance America, Inc., Markel Corp., Great American Ins., Brit Global Specialty USA, and Lloyd's of London ANNV syndicate. Excess Liability coverage for \$10 million, excess of \$25 million with Brit Global Specialty USA and Great American Ins. Company. Allied World Assurance Co. (AWAC) provides excess liability coverage of \$15 million, excess of \$35 million. In addition, the actuary has recommended that the County maintains a \$24 million reserve to cover SIR exposure for auto and general liability programs. No settlements related to these programs have exceeded insurance coverage in the last three years.

The Workers' Compensation program continued under CSAC-EIA Excess Workers' Compensation Program with a policy of \$2 million SIR and statutory limits with Great American Insurance Co., ACE American Insurance Co., and Liberty Insurance Corporation. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured through CSAC-EIA and reinsured with Lexington Insurance Co. and with several insurers/reinsurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy (\$35 million aggregate) with BETA Risk Management Authority, which provides annual coverage on a claims made basis with a SIR of \$1 million for each claim.

Environmental claims are expected to occur infrequently, but have the potential to be expensive when they do occur. The County has experienced only two significant environmental liability claims since it began self-insuring this exposure in 1983. Given that environmental liability is an extremely volatile coverage, which is characterized by low frequency and high severity, the County has taken a conservative stance, as recommended by the actuary, by setting aside a minimum of \$10 million to cover future environmental liability claims.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, with Berkley Regional Insurance Co. with a \$100 thousand deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 1.392% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their claims liability in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, at June 30, 2019.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT**  
**COUNTY SERVICE AREA No. 60 APPLE VALLEY AIRPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 6: CONTINGENCIES**

As of June 30, 2019 in the opinion of the CSA Administration, there are no outstanding matters which would have a significant effect of the financial position of the CSA.

**NOTE 7: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 22, 2019, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have significant impact on the CSA.

**NOTE 8: RECLASSIFICATIONS**

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the 2019 year's format. The total net position and change in net position are unchanged due to these reclassifications.